



April 3, 2001

Mr. Brad Botwin, Director
Strategic Analysis Division
Bureau of Export Administration
U.S. Department of Commerce
Room 3876
Washington, DC 20230

Dear Mr. Botwin:

On behalf of the Iron Mining Association of Minnesota, I am writing in support of the United States iron ore industry and the Department of Commerce Section 232 investigation to determine if iron ore produced in this county is vital to our national security.

The Iron Mining Association of Minnesota represents five producing taconite facilities and more than 200 businesses that supply products and services to the industry. There are more than 4000 employees in the taconite plants and approximately 14,000 additional people employed in supporting companies. At our March 2001, Board of Directors meeting, we passed a motion supporting the enforcement of our trade laws.

As a result of the above mentioned employment numbers, the industry maintains an annual contribution to the Minnesota economy of an estimated \$1.3 billion. This benefit is spread across more than 200 communities throughout the entire state.

However, things were different just one year ago. With the closing of LTV Mining Company in Hoyt Lakes, Minnesota, we are already witnessing the hardship that our communities feel from the loss of jobs when a domestic iron ore/taconite plant shuts down. Before the LTV closing, there were 5,700 jobs in the plants, and at least 15,000 additional industry related jobs.

In 2000, the benefit to Minnesota was \$1.5 billion. This already, in one year, equates to a \$200 million economic loss.

The iron ore industry is clearly critical to our national security. Iron ore is the fundamental raw material needed to produce steel. Our mines, along with those in Michigan, have been the primary supplier of iron ore for the domestic steel industry for 100 years. If the industry is afforded some relief from the foreign import pressures, we will be able to continue to provide a reliable supply of iron ore for another 100 years and longer.

Without iron mining in Minnesota, we would see devastating unemployment in not only the mines and the supplier businesses, but also in all of the community related support jobs. In addition, there would be a significant loss of government revenue, and the skilled workforce would be required to either move out of the region, or remain where there is no employment.

Every ton of semi-finished steel slab used in domestic steel production displaces 1.3 tons of taconite pellets. Over the last few years, this increased use of imported semi-finished slabs has placed severe economic pressures on our remaining Minnesota taconite producers. In addition to the LTV shutdown, the taconite companies have had to take the following actions. National Steel Pellet Company has laid off both hourly and salary workers. Hibbing Taconite Company has reduced production, undertaken a six-week shutdown, and reduced its number of salaried workers. Northshore Mining Company has also reduced its 2001 production goals, and Ispat Inland Mining has reduced its workforce through attrition.

Finally, I want to point out the additional national security problem that would be created if our taconite plants closed as a result of economic pressures from imported products. Taconite requires beneficiation. Our low-grade ore must be improved and made into taconite pellets. The investment in capital equipment and worker training during the last decade alone is more than \$1 billion. If we no longer produce taconite, it would be difficult and extremely costly to restart a plant. Add to this the difficulty of training new workers and the new equipment needs, and it could literally take years to restart a taconite plant.

This situation, along with the stated economic impacts, clearly shows that iron ore produced in this country is vital to our national security.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Frank Ongaro". The signature is written in dark ink and is positioned above the printed name and title.

Frank Ongaro
President